

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/4)
BUTTER: Grade AA closed at \$1.5525. The weekly average for Grade AA is \$1.5600 (-.0425).

CHEESE: Barrels closed at \$1.4200 and blocks at \$1.4500. The weekly average for barrels is \$1.5540 (+.0784) and blocks, \$1.6090 (+.0671).

BUTTER: The cash price at the CME has been weak in recent trading sessions. Many butter producers and handlers are looking at these weakening trends as an opportunity to enhance their inventories for future needs. At this point, butter stocks remain well below year ago levels, although last week, CME approved warehouse inventories increased over 7 million pounds. In the last five weeks, stocks have grown 27.0 million pounds compared to 19.2 million pounds last year for the same period. Imports are entering the country. Quota imports during January total 1.6 million pounds versus 0.6 million pound for January 2004. High-tier imports (above quota with penalty) totaled 105,000 pounds compared to 4,000 pounds last January. Churning activity across the country remains quite active. Cream volumes are readily available to maintain near capacity churning schedules at most plants. Overall butter demand is fair. Butter handlers feel that most Easter order have been placed and shipped as Easter is only 3 weeks away. Many retailers anticipate that they will carry through with their feature activity scheduled for the upcoming holiday period.

CHEESE: The cash cheese market is weak and cash cheese prices have declined sharply after the recent price recovery. The lower prices and recent increases stimulated many buyers to rebuild inventory. However, new orders are slow as prices continued to move higher. Current cheese output is steady to slightly heavier seasonally. Recent higher cheese prices did generate improved interest in purchasing additional manufacturing milk supplies. The Kansas City Commodity Office (KCCO) announced on February 25 that all offers received under Invitation 020 to Announcement DSC1 to purchase aged CCC-owned blocks and barrels were rejected due to price. KCCO is seeking qualified firms to supply Queso Blanco. For information call 816-926-6711.

FLUID MILK: Milk production is trending seasonally higher in many areas of the country. Levels are up in Florida and the Southeast with milk supplies sufficient for local needs. Ideal weather has give production a boost. The Northeast experienced two winter storms which had more of an impact on transportation than on milk production. Bottled milk sales were good ahead of the storms. In the Upper Midwest, milk output is steady to slightly higher on a week to week basis. Dryer, warm weather in southern California is helping to dry out the region, but cows and milk production are still affected. The total impact on milk in the state is minimal because the south accounts for only 11% of the total output. Milk is steady to higher in the central and northern regions of California. Arizona and New Mexico production is lagging after recent wet conditions. Utah milk is steady, Idaho is moving higher, while volumes in the Northwest are mixed.

DRY PRODUCTS: Nonfat dry milk prices are holding steady with both higher and lower prices traded. The general trend of product being tight continues as powder moves to regular accounts and clears through exports. Delays are more common for spot loads. Export prices are often a penny or more lower than in recent weeks as prices are adjusted to keep sales moving. Buttermilk prices are unchanged to marginally higher with supplies and demand in decent balance. Solids are available for drying at a modest pace. Whey prices are steady to higher. Demand is fair to good for current offerings and exporting continues to be used to move loads. Production is active and reflects cheese output changes. Whey protein concentrate prices are unchanged to higher in a lightly traded market with limited supplies. Drying is steady. Lactose prices are unchanged and the market tone is steady. Second quarter contracts are in negotiations but buyers and sellers are not coming together on pricing.

CCC: During the week of February 28 - March 4, there was no price support activity.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the February 2005 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$13.36 (+\$0.32), Class III \$14.70 (+\$0.56), and Class IV \$12.74 (+\$0.22). Product price averages used in computing Class prices are: butter \$1.5945, NDM \$0.8990, cheese \$1.5711, and dry whey \$0.2478. The Class II butterfat price is \$1.7824 and the Class III/IV butterfat price is \$1.7754. Further information may be found at:

<http://www.ams.usda.gov/dyfm/mib/classprcacnmt.pdf>

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 2005 was unchanged at 134. Compared with February 2004, the index was up 3 points (2.3%). The index of prices received by farmers for dairy products declined 4 points during the month of February 2005 to 118. Compared with February 2004, the index was up 14 points (13.5%). Prices received by farmers in February with changes from January were: for All Milk, \$15.40 per hundredweight, down \$.50; Fluid Grade Milk, \$15.40, down \$.50; and for Manufacturing Grade Milk, \$14.80, down \$.10.

JANUARY CONSUMER PRICE INDEX (BLS): The January 2005 CPI for all food is 189.1, up 2.9% from January 2004. The dairy products index is 183.3, up 6.3% from a year ago. The following are the January to January changes for selected products: fresh whole milk is +10.5%; cheese, +6.8%; and butter, +26.8%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the calendar year 2004 totals 176.2 billion pounds, 0.6% higher than 2003. Comparing disappearance levels with year earlier levels: butter is +0.8%; American cheese, +2.3%; other cheese, +2.9%; NDM, +42.1%; and fluid milk products, -1.1%.

******SPECIAL THIS ISSUE******

INTERNATIONAL DAIRY MARKET NEWS (PAGE 7)
 BUTTER AND CLASS III&IV FUTURES (PAGE 8)
 FEBRUARY MONTHLY AVERAGES AND SUMMARY (PAGES 9-11)

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS (PAGE 12)
 JANUARY CONSUMER PRICE INDEX (PAGE 13)
 2004 COMMERCIAL DISAPPEARANCE OF DAIRY PRODUCTS (PAGE 13)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY FEBRUARY 28	TUESDAY MARCH 1	WEDNESDAY MARCH 2	THURSDAY MARCH 3	FRIDAY MARCH 4	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.5925 (+.0800)	\$1.6200 (+.0275)	\$1.6150 (-.0050)	\$1.5225 (-.0925)	\$1.4200 (-.1025)	(-.0925)	\$1.5540 (+.0784)
40# BLOCKS	\$1.6525 (+.0725)	\$1.7000 (+.0475)	\$1.6925 (-.0075)	\$1.5500 (-.1425)	\$1.4500 (-.1000)	(-.1300)	\$1.6090 (+.0671)
BUTTER GRADE AA	\$1.5750 (-.0100)	----	\$1.5525 (-.0225)	----	\$1.5525 (N.C.)	(-.0325)	\$1.5600 (-.0425)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 28, 2005

CHEESE — SALES: 5 CARS 40# BLOCKS @ \$1.5825; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5925; 4 CARS 40# BLOCKS: 1 @ \$1.6525, 1 @ \$1.6500, 2 @ \$1.6200; OFFERS UNCOVERED: NONE

BUTTER — SALES: 21 CARS: 1 @ \$1.5575, 1 @ \$1.5550, 6 @ \$1.5600, 1 @ \$1.5700, 1 @ \$1.5600, 1 @ \$1.5500, 1 @ \$1.5550, 4 @ \$1.5575, 1 @ \$1.5550, 1 @ \$1.5600, 1 @ \$1.5625, 1 @ \$1.5700, 1 @ \$1.5750; BIDS UNFILLED: 2 CARS: 1 @ \$1.5525, 1 @ \$1.5500; OFFERS UNCOVERED: 2 CARS: 1 @ \$1.5800, 1 @ \$1.6000

TUESDAY, MARCH 1, 2005

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.6800, 1 @ \$1.7000; BIDS UNFILLED: 1 CAR BARRELS @ \$1.6200; 3 CARS 40# BLOCKS: 1 @ \$1.7000, 2 @ \$1.6800; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 2, 2005

CHEESE — SALES: 1 CAR BARRELS @ \$1.6150; 6 CARS 40# BLOCKS: 5 @ \$1.7000, 1 @ \$1.6975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.6175; 2 CARS 40# BLOCKS: 1 @ \$1.6925, 1 @ \$1.7000

BUTTER — SALES: 11 CARS: 1 @ \$1.5525, 1 @ \$1.5550, 1 @ \$1.5500, 2 @ \$1.5550, 2 @ \$1.5500, 2 @ \$1.5450, 2 @ \$1.5525; BIDS UNFILLED: 7 CARS: 1 @ \$1.5525, 2 @ \$1.5500, 2 @ \$1.5450, 1 @ \$1.5400, 1 @ \$1.5300; OFFERS UNCOVERED: 6 CARS: 3 @ \$1.5650, 3 @ \$1.5750

THURSDAY, MARCH 3, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.5225; 2 CARS 40# BLOCKS: 1 @ \$1.5500, 1 @ \$1.6925

FRIDAY, MARCH 4, 2005

CHEESE — SALES: 5 CARS 40# BLOCKS @ \$1.4500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.4200; 2 CARS 40# BLOCKS: 1 @ \$1.4550, 1 @ \$1.5000

BUTTER — SALES: 13 CARS: 1 @ \$1.5325, 1 @ \$1.5300, 1 @ \$1.5375, 1 @ \$1.5400, 8 @ \$1.5500, 1 @ \$1.5525; BIDS UNFILLED: 5 CARS: 1 @ \$1.5475, 2 @ \$1.5425, 1 @ \$1.5325, 1 @ \$1.5200; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9325 and Grade A at \$1.0000. (The last price change occurred February 8th.) The weekly average for Extra Grade is \$0.9325 (N.C.) and Grade A is \$1.0000 (N.C.).

BUTTER MARKETS

NORTHEAST

The butter market remains mixed. At the CME, the cash butter price has increased and decreased during the past three sessions (through 2/28). Contacts speculate on both the short term and long term trends. Short term, there is plenty of butter being made and available for sale, but some feel that churning activity will decrease once seasonal demand for cream improves. Currently, Eastern butter producers operated at or near capacity last week and are expected to continue at current levels through the first part of March. Retail orders are about steady, but the recent snow storms in the Northeast have disrupted distributors' abilities to get product in and move it out to customers. Food service orders are mostly unchanged, but the storms did have an impact on restaurant business this past weekend. Sales of bulk butter f.o.b. East, are reported in a range of 2.0 cents under to 3.0 cents over the CME price/average.

CENTRAL

The CME cash price has been weak in the three most recent trading sessions to close at \$1.5525 at midweek. For the most part, butter producers and handlers were pleased to see the weakness as most try to build inventory at this time of the year. Cream supplies remain heavier than most anticipated. Many remain quite puzzled at the volume of cream that is available especially when it appears that Class II cream based product production, especially ice cream, is not actively seeking cream for their usage. Butter demand remains quite strong as final Easter orders are being placed. Suppliers and handlers state that if the orders are not placed by now, or at least by the end of the week, customers will probably not get their

desired volumes delivered and in place for holiday needs. Many retailers anticipate to carry through with their feature activity scheduled for the upcoming holiday period. For most, butter supplies have been received and in place prior to the recent run up in price. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Cash CME butter prices have moved both higher and lower during the past few trading sessions. No real direction to the market is apparent to most contacts. Cream supplies for churning are heavier than anticipated. Some contacts state that butter sales are slow and stocks are building at some locations. Neither the food service nor retail portions of the market are showing much strength with Easter only a few weeks away. There is some agreement in the trade that overall, the butter market will be on the tight side for the season with prices higher than average. Quota imports of butter during January total 1.6 million pounds, compared to .6 million pounds for last January. Imports of high-tier butter (above the quota and with a penalty) totaled 105,000 pounds compared to a minor amount last January. CME weekly warehouse stocks grew by 7.0 million pounds this last week to stand at 59.6 million pounds. In the last five weeks stocks have grown 27.0 million pounds compared to 19.2 million pounds last year for the same period. Last year at this time, stocks stood at 96.4 million pounds. Bulk butter prices range from flat to 3 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
FEBRUARY 26	1.4675	1.4420	0.9007	1.6078	0.2472
	10,973,445	10,604,121	17,909,436	2,738,220	13,103,841

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher as the CME cash price for cheese continues its pattern of the past two weeks. During the first two weeks of February, the CME price for blocks and barrels declined nearly thirty cents. During the last two weeks of February those same prices increased \$.1300-.1600 and prices increased sharply during Monday's (2/28) trading. While prices were low, demand improved significantly, which helped push prices higher. Also, cheese output during February was relatively low due to the cheese and Class III milk price relationship. In the Northeast, cheese output was cut to two or three days per week at some plants. Others continued to operate daily, but did not take any extra milk. The two snow storms that have hit the East Coast in the past week have disrupted transportation schedules. Distributors are having difficulty getting product delivered as well as not being able to get product out to their customers. Retail and food service orders have been interrupted by the storms.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6075-2.1225
Cheddar Single Daisies	:	1.5650-2.0400
Cheddar 40# Block	:	1.6825-1.9400
Process 5# Loaf	:	1.6850-1.8925
Process 5# Sliced	:	1.7050-1.9275
Muenster	:	1.7800-1.9825
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is firm, though with a cautious undertone. Some in the industry are questioning whether current sales and production warrants a rebound in cheese prices of over 20 cents in less than 2 weeks. Buyers are taking advantage of price protection policies but more are balking at placing orders at current (higher) cash prices. Reports indicate some planned promotional activities may be reduced or eliminated. For many producers, mozzarella interest has generally been better than expected. Strong demand continues for good, preferably white, processing solids. Current cheese production is steady to slightly higher. Producers are trying to balance cheese production with orders while expecting sales to slow as average prices catch up with recent increases. The cycle of sharp peaks and valleys in cheese and milk prices is negatively impacting plant financial numbers.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6750-2.0200
Brick And/Or Muenster 5#	:	2.0000-2.0950
Cheddar 40# Block	:	1.8975-2.2650
Monterey Jack 10#	:	2.0700-2.2650
Blue 5#	:	2.3900-2.7200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8400-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.9500

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
02/28/05	34,034	:	129,750
02/01/05	23,991	:	124,557
CHANGE	10,043	:	5,193
% CHANGE	42	:	4

WEST

The CME cash cheese market had been firming rapidly again until today. Block prices had increased 28 cents since the recent low point on February 14. The market had been trending higher based on bids for cheese and some sales activity. Today, March 2, block prices moved fractionally lower based on sales of offered cheese. Some in the market are surprised at how quickly opinions can change with little support from the fundamentals. Cheese production for the last few weeks was probably lower than anticipated because of the unfavorable price relationship between milk and cheese prices. That issue is beginning to correct itself. Cheese sales activity is being called fair to good for this season of the year. Buyer's working stocks of cheese are on the low side because of recent market moves and some end users did not react fast enough to scale up purchases when the market was at the recent low point a few weeks ago. January quota imports of cheese total 22.98 million pounds, up more than 40% compared to January last year. Imports are on the low side of what the monthly average imports would be to fill the annual quota. High-tier imports of cheese (above quota and with a penalty) in January total 1.9 million pounds, slightly above last January.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6300-1.8875
Cheddar 40# Block	:	1.6625-2.0150
Cheddar 10# Cuts	:	1.8425-2.0625
Monterey Jack 10#	:	1.8525-2.0125
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Domestic prices are higher and unchanged on imported. The market tone is slowing along seasonal patterns. This past week's snow storms have disrupted delivery schedules in most Northeastern urban areas. Reports indicate that imports of cheese subject to licensing during January 2005 totaled 10.427 million Kg, 41.3% more than January 2004. Imports of high-tier cheese during January totaled 865,427 Kg, 7.7% more than a year ago.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	TFEWR	-0-
Blue	2.6400-4.6900	1.9225-3.4225*
Gorgonzola	3.6900-5.9400	2.4325-2.4900*
Parmesan (Italy)	TFEWR	3.3275-3.4425*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-6.0900	1.9250-2.1575*
Romano (Cows Milk)	-0-	3.1175-5.2825*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.9500-4.0900	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.5600	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	130	0	179	0	52
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is increasing in most of the Southeast while steady to slightly higher in the Middle Atlantic and Northeast. Near ideal weather in Florida and other Gulf Coast states has given milk output a boost. Two snow storms have hit the Middle Atlantic and New England states in the past week and although they have not slowed milk production, transportation schedules were temporarily interrupted. The storms did cause some panic buying of milk and other food staples, but the second one had less impact on the market because it was only a day or two after the first one. Bottled milk sales were good prior to the storms, dipped during the weekend, and just returning to more normal levels at mid-week. Florida contacts report lighter milk shipments out of state due to improved orders from bottlers. Some state-wide features are in place and sales improved this week. This helped reduce the number of loads Florida handlers shipped out of state this week. In other areas, surplus milk volumes are mixed, mostly heavier. Some cheese makers who had reduced production during February are now increasing cheese output due to the anticipated drop in March's Class III milk price. This is easing the volumes moving to butter/powder plants. The condensed skim market is firming. Producers report improved interest from both Class II & III buyers. There is growing concern about future availability among NDM users and some are looking to obtain a steady supply of milk or condensed skim in order to have the solids they need. Prices are steady to slightly higher. The fluid cream market is still weak, but more reports indicate improvement. Offerings remain heavy, but in slightly better balance than a week or two ago. Spot prices are often lower due to last week's decline in the CME butter price average. Suppliers indicate that cream cheese producers are looking for more loads. Some ice cream producers are also stepping up their cream orders to meet needs. However, others have held production fairly constant throughout the winter. Bottled cream, dips and sour cream production is picking up along seasonal patterns. Churning activity is unchanged at heavy levels. Less cream seems to be moving to Midwestern churns, but many loads do continue to move west. Local churning contacts report steady, heavy butter output.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.8183-2.0512
DELIVERED EQUIVALENT ATLANTA	-	1.8429-2.0672 M 1.9070-2.0031
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.9390-2.0833

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9800-1.0100
NORTHEAST- CLASS III - SPOT PRICES	- 1.1200-1.2000

M I D W E S T

Class I interest is uneven, though frequently improved since last week. Attractive retail features were moving extra volumes for some bottlers. Heavy snow early in the week closed many schools in Michigan for a day or two, causing some extra milk to be diverted into manufacturing channels. Manufacturing milk interest was improved with handlers at least receiving more inquiries about availability. Reported spot manufacturing milk premiums ranged from about \$1.25 - 1.50 over class, net shipper. A report of a buyer securing extra milk much below the reported range was received. For milk handlers, current supplies generally seem to be close to in balance. Cream demand is steady to just slightly improved with ice cream mix output reportedly stronger. Cream offerings remain heavy. A few operations note an increase in milk receipts but for the most part in the upper part of the region, little change is noted week to week. Discussion continued that perhaps the poor hay quality may be a limiting factor for milk intake increases, particularly from the much delayed and/or rained on 2004 first cutting as haymows and silos empty. March is typically a big month for farm auctions and a few contacts are wondering what affect current high milk and cow prices may have on dairy or farm sellouts.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 24 - MAR 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 56.00	\$ 42.00- 49.00
REPLACEMENT HEIFER CALVES	\$200.00-600.00	\$270.00-530.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	FEB 24 - MAR 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 52.00- 61.00	\$ 46.00- 50.00

W E S T

U.S. hay prices, as surveyed in mid-February, average \$85 per ton, up \$3.50 from last year. Prices for selected Western states compared to last year are as follows: California \$124, up \$29; Idaho \$100, up \$17; New Mexico \$120, down \$16; and Washington \$105, up \$11. The February 4a price (butter/powder) in CALIFORNIA is \$12.46, \$.20 higher than January and \$0.52 more than last year. The February 4b price (cheese) is \$13.93, down 45 cents from January but \$2.19 higher than last year. January 2005 POOL RECEIPTS of milk in CALIFORNIA total 2.93 billion pounds, 2.0% lower than last year. (The change is affected by milk volumes not being included in the pool receipts for January 2005.) The January blend price, at a fat test of 3.80%, is \$14.86, \$0.30 lower than December but \$3.38 more than January 2004. The percentage of receipts used in Class 1 products is 15.77%. The January quota price is \$15.50 and the over quota price is \$13.80. These prices are \$.24 lower from December but \$2.79 more than a year earlier. The wet conditions continue to impact milk receipts and herd health in Southern CALIFORNIA. Current weather is warm and dry, but the effects of one of the wettest years on record remain. News articles are noting problems of milk loss and increased cow mortality from the wet and muddy conditions on many farms in the southern producing area. With only 11% of the state's milk produced in the south, the impact on the entire state is not as great as during the "El Nino" years. Several processing plants in the region are pulling in additional milk and components to keep plants on schedule. Milk output is stronger than year ago levels across much of the Central Valley. Weather conditions have been ideal and fresh cows and heifers are entering the milking herds. The northern California dairy producing areas are doing well and seeing milk output steady to slightly stronger than last year. Milk output in ARIZONA has been tempered by recent wet conditions despite better conditions this week. The lingering effects are slowing the normal rush towards the seasonal flush peak. With volumes being lower than expected, local plants are taking some additional milk from nearby states. Fluid milk sales have improved from both beginning of month sales and some retail feature activity. NEW MEXICO milk volumes are moving higher seasonally as better weather has developed. Output continues to lag a year ago with the decline mainly attributed to less production per cow. Cow numbers are building with additions to existing herds and new facilities coming on line. Milk shipments to the Southeast have slowed. Extra milk is becoming available as cheese producers are looking for more solids. CREAM markets redeveloped weakness starting late last week after some indications of firming. The weaker tone is also being pushed by lower butter prices which are used to base cream prices. In addition, multiples also are declining. Delivery costs are increasing with fuel prices moving higher and surcharges being passed on the customers. Cream is long in California and especially slow movements going to ice cream plants. There are expectations that ice cream demand will increase in April when 2-month prices are announced and are expected to be at lower fat levels. Multiples are lower, trading from 108 to 124 FOB, and vary depending on basing points and class usage. Some good shower activity occurred on the West Side of the Cascades in the PACIFIC NORTHWEST over the weekend. It was enough to keep pastures and green chopping in excellent condition. However it did nothing to ease the upcoming drought. Some hay growers on the East Side are being told to expect only 25% of their normal water allocation with current conditions. Things could certainly improve during March, but the chances of making up the entire deficit are slim. Hay stocks are currently tight and increasing in price and that is likely to be the case until new crop supplies are available. Milk output in the region ranges from slightly higher to slightly lower. Heifer prices in the region are firm and supplies are limited. Milk production in the main dairy area of UTAH, the Cache Valley, is holding steady. Winter conditions continue in the region. Snow and cold temperatures continue to be the rule. Daytime temperatures are generally below freezing and temperatures at night often fall near zero. This is the only part of UTAH and IDAHO that is being affected by these conditions at this time. Most of the dairy region in Idaho is free of snow and temperatures have been hitting 50 degrees. Plants are able to supplement local supplies of milk with outside loads of whole milk or UF solids when they need to. Heifer prices at a major weekly sales barn indicate the top end was above \$2250 with the average almost \$2100. The average price is the highest in the last four weeks.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to slightly higher on a firm market. Supplies remain limited for the good interest. Production is steady to higher. Plants are generally retaining additional supplies for contractual orders as supplies are anticipated to be short into the spring and summer months. Traders anticipate tight supplies until late fall when Oceania supplies may potentially become available, reducing international interest in US supplies. Most trade from the Central region is contractual with spot buyers garnering additional loads from Western suppliers when possible. Contractual users are resisting buyer requests to resell their supplies as users prefer to build inventories in case supplies become more limited later this year. Off grade NDM and drought relief NDM are being traded into some feed operations as a substitute to 34% WPC which is also short in supply.

EAST: The market tone remains firm and prices are mostly unchanged with some fractional adjustments higher noted. Production levels are up slightly at some plants, steady at others. Producer stocks are lighter than desired as the good demand is easily clearing current output. Some cheese plants stepped up schedules this week, which did ease receipts at some butter/powder plants. However, increasing milk volumes in the Southeast was moving to balancing plants in that area. Producer stocks are light. However, industry rumors state that the most recent sale of NDM to Cuba may be in jeopardy due to rulings by the U.S. Treasury Dept. If that is the case, a little more NDM may be available, short term. Demand is good and some spot buyers are finding that it is taking longer between ordering and shipping dates. Most spot needs are being filled in the resale market.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .9150 - 1.0100 MOSTLY: .9400 - .9500

HIGHHEAT: .9500 - 1.0950

NONFAT DRY MILK - WEST

Low/medium nonfat dry milk prices are holding mainly steady. There are some slight changes in the bottom of the range and narrowing of the mostly series. There were contacts noting that export sales remain good, but pricing levels on several were being challenged and having to be lowered to make sales. Domestic contract accounts are being filled on schedule with some delays, whereas spot loads are limited and delayed in shipping. Speculative buying is taking place as some buyers expect prices to firm and product to be tight later in the year. Others are concerned that prices could back off when exporting slows. Cheese makers are holding steady demand for condensed skim and NDM for use in standardizing cheese vats. Stocks are light to moderate. High heat prices are unchanged and the market tone is steady to firm. The demand situation varies from week to week and is different among producers. The general trend is slightly higher and being filled with current and more available older stocks. Times are available for making high heat. Stocks are light and match current needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8900 - .9800 MOSTLY: .9100 - .9400

HIGHHEAT: .9300 - .9700

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 25	\$.8909	9,779,244	0
February 18	\$.8878	8,918,814	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a firm market. Trade activity is very light. Most sales are reported at the average. Resale trades are noted at a slight premium. Demand is fair at best as buyers are well aware of the limited supply availability. Production is steady to higher. Supplies of condensed buttermilk are higher than last year, encouraging more condensed buttermilk to run through dryers. In addition, ice cream production is not running full, resulting in more condensed buttermilk movement into dryers than anticipated. Plants are comfortable in accumulating loads of buttermilk in order to satisfy future contractual commitments this spring and summer when supplies are anticipated to be short.

F.O.B. CENTRAL:

.9450 - 1.0100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady and the market tone remains firm. Dry buttermilk production in the East is moderate, but as some ice cream producers start gearing up for anticipated spring needs, the call for liquid buttermilk is improving. The moderate to heavy churning activity continues in the East. Producer stocks remain well balanced. Demand is holding at fairly good levels.

F.O.B. NORTHEAST:

.9300 - .9700

DELVD SOUTHEAST:

.9600 - .9900

DRY BUTTERMILK - WEST

Western prices for dry buttermilk are higher. The market tone is firmer for prices on both the range and mostly series. Demand is fair to good for the current light to moderate producer offerings. Overall, seasonal interest is not very aggressive. Contract buyers are getting the loads that are committed to them. Drying is active to process the buttermilk solids in the region. Dryer time is available despite heavy drying of nonfat dry milk. Stocks of dry buttermilk remain at light to moderate levels.

F.O.B. WEST:

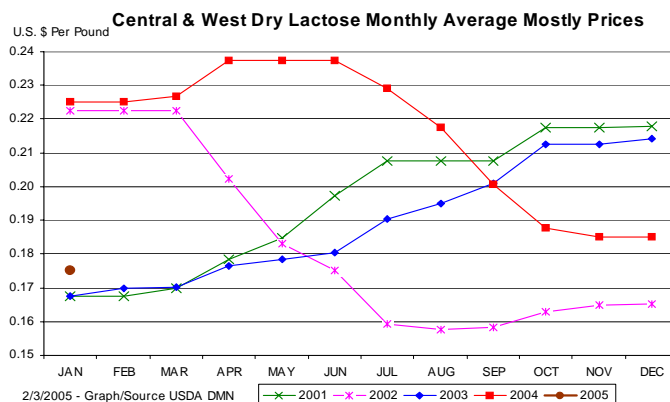
.9250 - .9750 MOSTLY: .9250 - .9400

DRY WHOLE MILK - NATIONAL

Prices are unchanged and nominal. The market tone is steady. Production levels are light and geared toward filling orders. Producer stocks are closely balanced and demand is fair to good.

F.O.B. PRODUCING PLANT:

1.2600 - 1.3450



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices remain unchanged and the market tone is steady. Supply availability is mixed as some plants report tight supplies whereas others are noted as having additional supplies to offer. As the end of first quarter approaches, some producers anticipate additional supply availability due to reduced contractual interest in second quarter. Production is generally steady. Some feed buyers are asking to delay shipments in light of reduced end-product demands. Export movement is reportedly slow and mostly contractual.

F.O.B. CENTRAL: .2375 - .2525 MOSTLY: .2400 - .2450

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Northeastern prices remain nominal. Eastern cheese production is increasing slightly in the Northeast due to a better milk/cheese price relationship anticipated for March. Dry offerings are a little heavier, but some producers are barely able to meet contractual delivery schedules. Others do have spot loads to move. Those producers with loads to move report that offerings are easily cleared at normal premiums. Demand is fair to good, but still insufficient to push prices higher. Reports indicate that those operations with product to offer may not have contracted as heavily as prior years, because cheese and whey production have not increased significantly, if at all.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2475 - .2650
DELVD SOUTHEAST: .2700 - .2825

DRY WHEY - WEST

Range and mostly prices moved both higher and lower this week. Trading remains active. Offerings of powder are clearing the market in an orderly fashion. Production levels are steady to up slightly. Contacts are discussing an upcoming whey tender and wondering where the powder may come from. European prices seem to be firming and they feel that the tender will be split between the U.S. and Europe.

NONHYGROSCOPIC: .2550 - .2775 MOSTLY: .2625 - .2725

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a steady market. Supplies are limited for the good interest. January calf slaughter totaled 67,700 head, down 14% from January 2004. The average live weight was 7 pounds below last year, at 329 pounds. Hog kill totaled 8.48 million head, 4% below January 2004. The average live weight was 1 pound above the previous year, at 270 pounds.

F.O.B. CENTRAL:
MILK REPLACER: .2100 - .2325

As of March 2, 2005, Dairy Market News is temporarily suspending efforts to report a Dry Whey Permeate Market on April 8, 2005. Dairy Market News will continue to review pricing, industry specifications for Dry Whey Permeate and other dry dairy products in order to provide current, unbiased information to both buyers and sellers in the trade. Commencing Report 15 (April 8, 2005), Dairy Market News will be reporting the Animal Feed Whey-Central Milk Replacer price series and comment will be incorporated into the Dry Whey Central report. The Dry Whey Central Extra Grade price series will remain unchanged.

Comments regarding changes in Dairy Market News Reports can be directed to: Don Nelson, P.O. Box 8911, Madison, WI 53708
Email: DonaldO.Nelson@usda.gov
Phone: 608-224-5079
Fax: 608-224-5078

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Trade activity is very light. Supplies are tight in both direct manufacture and resale markets. Feed users unable to obtain additional supplies of 34% WPC are attempting to obtain loads of 80% WPC. However, supplies of 80% WPC are also reportedly limited at some locations. Production of 34% WPC is mostly steady. During the next month, 34% WPC production is expected to decline as some producers modify operations for increased 80% WPC production. Canadian supplies of 34% WPC are also tight, limiting sourcing options for domestic users. NDM from previous drought relief programs is being offered to some feed users as a substitute to 34% WPC. Off grade NDM is also available as a substitute to 34% WPC. Off grade supplies of 34% WPC are being offered at premium prices for the very light interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .7525 - .8225 MOSTLY: .7525 - .7725

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Inquiries are increasing, especially for second quarter contracts. However, negotiations are not commencing. Some buyers are bidding lower and meeting seller resistance. Production is steady to higher with stocks building at some locations, especially for the lower mesh product. Some traders are perplexed as to why dry whey permeate tends to trade at a premium compared to lactose, especially when lactose is available. Demand for higher mesh sizes remains good whereas interest in the lower mesh sizes is light to fair.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1500 - .2100 MOSTLY: .1600 - .1900

CASEIN - NATIONAL

Casein markets and prices remain firm. Supplies are not in any better shape than they have been for past months. Oceania suppliers continue to indicate that their production has not attained desired levels thus available supply is lower than projected. In Europe, the production season is just getting underway, thus suppliers remain optimistic that they will be able to satisfy customer needs. Firm prices, lower manufacturing aid, lower milk production for this time of the year, and a fluctuating dollar against the Euro are factors that are out of producers' control, all of which could greatly influence the future of casein markets. No results have been released as of this time under invitation #039 for the sale of government owned nonfat dry milk for the production of casein/caseinate.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.3000
ACID: 3.2700 - 3.3500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production patterns are mostly steady at light to moderate levels. A few areas of the country are experiencing increased milk supplies and some producers are able to purchase milk at a favorable price. However, most contacts report lighter than normal milk volumes. Demand is slow to fair. The Kansas City Commodity office announced the issuance of EVD-1, invitation 830 inviting competitive offers to sell to CCC 5,067,360 pounds of evaporated milk for delivery April - June 2005. Offers are due by 9:00 a.m. CST, February 22, 2005

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	02/16	02/17	02/18	02/21	02/22	02/23	02/24	02/25	02/28	03/01
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
FEB 05	14.79 (4109) 119	14.79 (4064) 30	14.73 (4047) 15	NO TRADING	14.71 (4051) 25	14.69 (4056) 25	14.68 (3876) 235	14.70 (3773) 27	14.70 (3679) 6	14.70 (3850) 26
MAR 05	13.81 (4665) 134	13.73 (4794) 371	13.66 (4745) 349		13.95 (4677) 385	14.70 (4577) 726	14.86 (4560) 442	15.13 (4510) 228	15.03 (4335) 295	14.95 (4391) 302
APR 05	14.20 (2867) 113	14.02 (2987) 320	13.75 (3002) 283		14.13 (2935) 294	14.88 (2967) 453	15.01 (2993) 463	15.48 (3130) 548	15.74 (3212) 442	15.65 (3226) 326
MAY 05	14.18 (2348) 94	14.09 (2417) 251	13.90 (2402) 174		14.10 (2480) 183	14.85 (2546) 182	14.89 (2634) 320	15.25 (2734) 216	15.35 (2783) 207	15.09 (2744) 313
JUN 05	14.16 (2073) 61	14.04 (2099) 108	13.90 (2113) 101		14.20 (2133) 205	14.95 (2185) 169	14.72 (2254) 156	14.83 (2295) 128	14.95 (2360) 140	14.51 (2354) 297
JUL 05	14.60 (1959) 6	14.50 (1987) 51	14.45 (1974) 53		14.55 (2048) 161	15.19 (2059) 75	15.02 (2113) 134	15.10 (2122) 26	15.00 (2132) 23	14.89 (2113) 143
AUG 05	14.64 (2046) 3	14.59 (2068) 34	14.63 (2065) 69		14.72 (2156) 170	15.27 (2197) 107	15.09 (2219) 108	15.09 (2249) 43	15.08 (2232) 37	14.94 (2230) 43
SEP 05	14.68 (2035) 13	14.70 (2061) 30	14.68 (2062) 26		14.75 (2114) 133	15.30 (2126) 67	14.96 (2165) 95	14.96 (2176) 43	15.10 (2162) 44	15.04 (2155) 63
OCT 05	13.85 (1300) 6	13.85 (1315) 19	13.75 (1337) 48		13.77 (1340) 81	14.50 (1362) 46	14.08 (1381) 57	14.00 (1384) 20	14.10 (1385) 42	13.94 (1377) 81
NOV 05	13.11 (950) 6	13.05 (964) 18	13.05 (986) 47		13.10 (1021) 109	13.70 (1042) 44	13.40 (1073) 65	13.55 (1070) 15	13.45 (1095) 55	13.37 (1101) 43
DEC 05	12.95 (889) 7	12.91 (888) 17	12.86 (914) 60		13.00 (917) 57	13.40 (938) 40	13.10 (971) 58	13.25 (971) 11	13.22 (983) 35	13.02 (987) 24
JAN 06	12.65 (94) 11	12.60 (99) 5	12.60 (111) 23		12.62 (110) 3	12.75 (110) 4	12.83 (111) 20	12.91 (115) 6	12.95 (121) 11	12.93 (129) 15
FEB 06	12.65 (83) 14	12.55 (82) 1	12.55 (95) 22		12.57 (100) 5	12.65 (89) 12	12.70 (95) 23	12.95 (97) 12	12.95 (102) 6	12.95 (102) 0
MAR 06	12.75 (63) 3	12.65 (64) 2	12.65 (72) 33		12.65 (71) 7	12.65 (71) 2	12.68 (75) 13	13.10 (76) 3	13.05 (76) 0	13.05 (76) 9
APR 06	12.75 (56) 3	12.65 (56) 0	12.65 (64) 32		12.68 (65) 3	12.68 (61) 6	12.75 (63) 8	12.96 (65) 4	12.95 (65) 6	12.95 (68) 5
MAY 06	12.70 (54) 2	12.60 (54) 0	12.60 (68) 25		12.60 (69) 1	12.60 (69) 1	12.65 (65) 9	12.90 (64) 4	12.95 (64) 0	12.95 (64) 6
JUN 06	12.60 (46) 2	12.60 (46) 0	12.60 (58) 22		12.62 (58) 0	12.62 (53) 6	12.70 (53) 4	12.90 (52) 3	12.95 (53) 2	13.05 (46) 7
JUL 06	12.95 (27) 1	12.95 (30) 3	12.95 (51) 28		12.95 (52) 2	13.00 (50) 4	13.00 (47) 5	13.10 (47) 1	13.10 (47) 0	13.10 (42) 6
CME - (CLASS IV) MILK FUTURES - Dollars per cwt.										
FEB 05	13.10 (10) 0	13.10 (10) 0	13.10 (10) 0	NO TRADING	13.10 (10) 0	13.10 (10) 0	13.10 (10) 0	13.00 (10) 0	13.00 (10) 0	13.00 (10) 0
MAR 05	13.10 (7) 0	13.10 (7) 0	13.10 (7) 0		13.10 (7) 0	13.10 (7) 0	13.10 (7) 0	13.10 (7) 0	13.10 (7) 0	13.10 (7) 0
APR 05	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0		13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0	13.20 (8) 0
MAY 05	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0		13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0
JUN 05	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0		13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0	13.20 (5) 0
SEP 05	13.20 (1) 0	13.20 (1) 0	13.20 (1) 0		13.20 (4) 4	13.50 (12) 8	13.50 (12) 0	13.50 (18) 6	13.70 (18) 0	13.70 (22) 5
OCT 05	13.00 (5) 0	13.20 (5) 0	13.20 (5) 0		13.20 (4) 4	13.50 (5) 0	13.50 (12) 0	13.50 (18) 6	13.70 (18) 0	13.70 (22) 5
NOV 05	13.00 (6) 0	13.20 (6) 0	13.20 (6) 0		13.20 (4) 4	13.50 (6) 0	13.50 (12) 0	13.50 (18) 6	13.70 (18) 0	13.70 (22) 5
CME - BUTTER FUTURES -- Cents per pound										
MAR 05	165.25 (265) 15	163.25 (264) 12	159.50 (260) 6	NO TRADING	159.00 (258) 14	164.00 (258) 8	164.00 (253) 21	162.00 (234) 34	158.00 (209) 33	159.50 (196) 40
MAY 05	165.75 (192) 11	164.25 (194) 4	162.00 (193) 3		160.00 (209) 18	165.00 (209) 2	165.00 (218) 9	164.00 (237) 25	160.75 (254) 24	164.00 (251) 4
JUL 05	166.00 (152) 10	165.00 (152) 4	162.00 (158) 7		159.00 (163) 6	164.00 (163) 0	165.00 (171) 8	161.00 (178) 8	161.00 (198) 23	165.00 (210) 15
SEP 05	166.75 (96) 15	166.50 (97) 2	163.50 (102) 6		162.00 (111) 9	167.00 (113) 2	167.00 (115) 2	166.50 (115) 0	166.00 (119) 4	165.10 (121) 4
OCT 05	166.50 (50) 13	166.25 (52) 2	163.50 (55) 4		162.75 (65) 10	167.50 (66) 1	167.50 (66) 0	165.00 (66) 0	165.00 (66) 0	165.00 (67) 1

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 21 - March 4, 2005

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN EUROPEAN OVERVIEW: Milk producers in Europe continue to monitor their milk marketings as the milk quota year end nears. By the end of March, handlers and traders feel that milk volumes will not be at quota levels for producers in many of the member states. During the current quota year, milk output has been lagging last year and this trend continues during the winter months. Milk handlers report that winter weather conditions, measurable snow and cold temperatures, prevailed during recent weeks, which are stymieing milk production growth. Intervention has now opened and some small volumes of powder have been offered to the program. Traders and handlers feel that some volumes will clear to the program, but domestic and international buyer interest should clear surplus offerings without the maximum intervention levels being attained. Traders report that international buyer interest is gaining momentum. They also indicate that international supplies are limited to the point that European stocks will probably be actively sought during the upcoming months. Buyers are looking for shipments as early as April and are reaching well into the summer months. Many of these buyers have been absent from the market for quite some time and are now in need of dairy products once again. Stocks of product are available for near term shipment with new stocks available soon as the milk production season gains momentum. European traders are looking forward to active sales in the coming months.

BUTTER/BUTTEROIL: Butter markets are generally steady with prices mixed, but firm. Stocks of butter are available for immediate shipment, but as the milk production season resumes seasonally, additional stocks will become available. Traders and handlers report that buyer interest is starting to be reported for near term and future deliveries. Some potential buyers continue to shop for best prices, while others are finalizing transactions. International supplies are quite limited, thus European sources anticipate active buyer interest during the coming months.

82% BUTTERFAT:	1,850 - 2,050
99% BUTTERFAT:	2,250 - 2,600

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady at unchanged prices. Intervention is now open and a small amount has already been offered to the program. Traders and handlers do not foresee significant volumes clearing to the program during the open season. Many traders feel that European supplies will be eagerly sought due to limited supplies in the international marketplace. Traders and handlers are hopeful that the milk production season is favorable and the lagging trends of recent months will correct themselves as the new season gets underway. Traders also report that buyers are returning to the market for near term and future deliveries.

1.25% BUTTERFAT:	2,100 - 2,250
------------------	---------------

WHOLE MILK POWDER (WMP): European whole milk powder markets are firm with prices unchanged to slightly higher. Stocks are available for near term shipments, although many buyers are looking for summer deliveries. Traders and handlers foresee an active sales period during the coming months. International whole milk supplies are limited and pricey, thus European suppliers anticipate their supply to be eagerly desired.

26% BUTTERFAT:	2,175 - 2,300
----------------	---------------

SWEET WHEY POWDER: Whey markets have been mixed in recent weeks with prices higher and lower. At this time, prices are firm once again with some traders reporting sharply higher prices. Stocks are available with most sales activity centering around animal feed buyers. European traders eagerly await the Japanese whey tender which is due next week. They question which countries will receive the bid and at what price with domestic and international prices firm.

NONHYGROSCOPIC:	550 - 650
-----------------	-----------

EASTERN EUROPEAN OVERVIEW: Winter weather conditions continue to prevail in most Eastern European countries. Overall milk volumes are trailing last year, although milk producers and handlers remain optimistic about the upcoming season. Traders and handlers of Eastern sourced dairy products remain very positive about upcoming sales potential for Eastern sourced dairy products. Stocks of product are available for immediate shipment, although most handlers and traders are looking toward new production to fulfill buyer interest.

OCEANIA

OCEANIA OVERVIEW: No major changes have been occurring in the milk production season in Oceania during the past few weeks. Milk producers and handlers report that seasonal declines continue to occur. Producers and handlers in both Australia and New Zealand were hopeful that the last half of the season would be positive, thus making up some of the loss of the first half. Although production during the down side of the season has not been negative, many handlers report that the recovery hoped for is not as strong as desired. Overall milk volumes are trailing last season. Reports from New Zealand indicate that output is trailing last season by about 5% with no significant recoveries anticipated before the end of the year. In Australia, cumulative production is running about 1% behind last season, but output is gradually narrowing the gap between the two years. Stocks of manufactured dairy products are in very close balance to short of full needs. More manufacturers and handlers are now stating that they are hopeful that they will have sufficient stock to meet commitments by the end of the year and feel that they will not have any available inventory for additional or spot buyer interest at that time. Manufacturing schedules throughout the region remain seasonally active, although some milk handlers, when possible, are diverting milk toward products of more need or better return. Some traders and handlers are already looking to other, outside sources, to secure additional product to fulfill their commitments.

BUTTER: Oceania butter markets remain firm at unchanged prices. Stocks of butter are reported to be sufficient for known commitments, although very limited for spot buyer interest. Most traders and handlers indicate that they do not foresee having any additional stock available at the end of the current season for new buyer interest. Although still a long ways away, a few buyers are already looking toward their butter needs for the new milk production year which begins in July.

82% BUTTERFAT:	2,025 - 2,400
----------------	---------------

CHEDDAR CHEESE: Cheese markets remain firm. Traders and handlers continue to report strong cheese sales to regular and ongoing customers. Basically, existing customers are the only ones being serviced at this time as cheese stocks in Oceania are in close balance. Overall milk production is down in Australia and New Zealand, and milk is being diverted to products of most needs, thus additional cheese volumes are not being generated. Manufacturers and handlers feel that they will have adequate volumes to acknowledge known needs with minimal volumes, if any, available for additional or spot buyer interest at the end of the season.

39% MAXIMUM MOISTURE:	2,650 - 2,900
-----------------------	---------------

SKIM MILK POWDER (SMP): Skim milk powder markets in Australia and New Zealand remain firm with prices basically unchanged. Although milk production is declining seasonally throughout the region, powder production remains strong. When possible, milk is being diverted toward powder production as demand continues to outpace supply. In some instances, traders and handlers are looking to outside sources to supplement their supplies to fulfill commitments.

1.25% BUTTERFAT:	2,150 - 2,300
------------------	---------------

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices remain firm. Stocks of powder are often lighter than desired for commitments. When possible, milk is being diverted toward whole milk powder production to help with the supply/demand imbalance. Producers are stating that whole milk powder supplies are limited and expensive in the international market, thus enhanced production in Oceania is needed to address customer needs.

26% BUTTERFAT:	2,150 - 2,400
----------------	---------------

Exchange rates for selected foreign currencies: February 28, 2004	
.8109 Canadian Dollar	.0229 Indian Rupee
.3403 Argentina Peso	.7272 New Zealand Dollar
.0901 Mexican Peso	.7924 Australian Dollar
.3402 Polish Zloty	.0096 Japanese Yen
	1.3243 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0901) = 11.0987
That is 1 US Dollar equals 11.0987 Mexican Pesos. Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2005 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 5	REPORT NUMBER 6	REPORT NUMBER 7	REPORT NUMBER 8	REPORT NUMBER 9	2005	2004
	Average	Average	Average	Average	Average	Average	Average
	FEB 01 - 04	FEB 07 - 11	FEB 14 - 18	FEB 21 - 25	FEB 28	or Total	or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.8900 - 2.0950	:: 1.7250 - 2.0200	:: 1.5800 - 2.0200	:: 1.5650 - 2.0200	:: 1.6750 - 2.0200	:: 1.8605	: 1.5997
-- Brick And/Or Muenster 5#	:: 2.0300 - 2.3025	:: 2.0000 - 2.1375	:: 1.9875 - 2.0000	:: 1.9875 - 2.0000	:: 2.0000 - 2.0950	:: 2.0526	: 1.8766
-- Cheddar 40# Block	:: 1.9300 - 2.2650	:: 1.9000 - 2.2650	:: 1.7875 - 2.2650	:: 1.7875 - 2.2650	:: 1.8975 - 2.2650	:: 2.0589	: 1.8775
-- Monterey Jack 10#	:: 2.1000 - 2.3425	:: 2.0700 - 2.2650	:: 2.0275 - 2.2650	:: 2.0275 - 2.2650	:: 2.0700 - 2.2650	:: 2.1688	: 1.9625
-- Blue 5#	:: 2.5975 - 2.7500	:: 2.4325 - 2.7200	:: 2.2825 - 2.7200	:: 2.2825 - 2.7200	:: 2.3900 - 2.7200	:: 2.5601	: 2.2791
-- Mozzarella 5 - 6#	:: 1.9400 - 2.3650	:: 1.8825 - 2.3650	:: 1.7325 - 2.3650	:: 1.7325 - 2.3650	:: 1.8400 - 2.3650	:: 2.0932	: 1.9229
-- Grade A Swiss Cuts 6 - 9#	:: 2.3500 - 2.9500	:: 2.3500 - 2.9500	:: 2.3500 - 2.9500	:: 2.3500 - 2.9500	:: 2.3500 - 2.9500	:: 2.6500	: 2.3675
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.8150 - 2.3300	:: 1.6500 - 2.1650	:: 1.5000 - 2.0150	:: 1.5000 - 2.0150	:: 1.6075 - 2.1225	:: 1.8689	: 1.6783
-- Cheddar Single Daisies	:: 1.7725 - 2.2475	:: 1.6075 - 2.0825	:: 1.4575 - 1.9325	:: 1.4575 - 1.9325	:: 1.5650 - 2.0400	:: 1.8064	: 1.6158
-- Cheddar 40# Block	:: 1.8900 - 2.1475	:: 1.7250 - 1.9825	:: 1.5750 - 1.8325	:: 1.5750 - 1.8325	:: 1.6825 - 1.9400	:: 1.8152	: 1.6212
-- Process 5# Loaf	:: 1.9200 - 2.1275	:: 1.7550 - 1.9625	:: 1.6100 - 1.8175	:: 1.5950 - 1.8025	:: 1.6850 - 1.8925	:: 1.8180	: 1.6236
-- Process 5# Sliced	:: 1.9400 - 2.1625	:: 1.7750 - 1.9975	:: 1.6300 - 1.8525	:: 1.6150 - 1.8375	:: 1.7050 - 1.9275	:: 1.8455	: 1.6623
-- Muenster	:: 1.9875 - 2.1900	:: 1.8225 - 2.0250	:: 1.6725 - 1.8750	:: 1.6725 - 1.8750	:: 1.7800 - 1.9825	:: 1.8852	: 1.6945
-- Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.5500	: 2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.8650 - 2.1225	:: 1.7000 - 1.9575	:: 1.5550 - 1.8125	:: 1.5400 - 1.7975	:: 1.6300 - 1.8875	:: 1.7880	: 1.5911
-- Cheddar 40# Block	:: 1.8700 - 2.2225	:: 1.7050 - 2.0575	:: 1.5550 - 1.9075	:: 1.5550 - 1.9075	:: 1.6625 - 2.0150	:: 1.8427	: 1.6633
-- Cheddar 10# Cuts	:: 2.0500 - 2.2700	:: 1.8850 - 2.1050	:: 1.7350 - 1.9550	:: 1.7350 - 1.9550	:: 1.8425 - 2.0625	:: 1.9564	: 1.7783
-- Monterey Jack 10#	:: 2.0600 - 2.2200	:: 1.8950 - 2.0550	:: 1.7450 - 1.9050	:: 1.7450 - 1.9050	:: 1.8525 - 2.0125	:: 1.9364	: 1.7583
-- Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.4750	: 2.3550
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.7845 - 1.9862	:: 1.9243 - 2.0548	:: 1.8563 - 2.0500	:: 1.9066 - 2.0682	:: 1.8183 - 2.0512	:: 1.9547	: 2.1413
-- Atlanta - dlvd. equiv.	:: 1.7845 - 2.0482	:: 1.8754 - 2.1037	:: 1.8725 - 2.0985	:: 1.9228 - 2.1005	:: 1.8429 - 2.0672	:: 1.9759	: 2.1792
-- Upper Midwest - f.o.b	:: 1.9086 - 2.0172	:: 1.9325 - 2.1200	:: 1.9370 - 2.0985	:: 1.9874 - 2.1167	:: 1.9390 - 2.0833	:: 2.0153	: 2.1338
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 0.9800 - 1.0000	:: 0.9800 - 1.0000	:: 0.9800 - 1.0000	:: 0.9800 - 1.0100	:: 0.9800 - 1.0100	:: 0.9913	: 0.9000
-- Class III	:: 1.0900 - 1.2500	:: 1.0900 - 1.2000	:: 1.0900 - 1.2000	:: 1.0900 - 1.2000	:: 1.1200 - 1.2000	:: 1.1511	: 0.8992
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::22.0000 -30.0000	::22.0000 -30.0000	::22.0000 -30.0000	::22.0000 -30.0000	::22.0000 -30.0000	:: 26.0000	: 24.5000

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2005 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 5 ::	REPORT NUMBER 6 ::	REPORT NUMBER 7 ::	REPORT NUMBER 8 ::	REPORT NUMBER 9 ::	2005	2004
	::-----::	-----::	-----::	-----::	-----::	Average	Average
	:: FEB 01 - 04 ::	FEB 07 - 11 ::	FEB 14 - 18 ::	FEB 21 - 25 ::	FEB 28	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.9075 - 0.9650 ::	0.9100 - 1.0000 ::	0.9100 - 1.0000 ::	0.9100 - 1.0100 ::	0.9150 - 1.0100 ::	0.9525	0.8413
-- Mostly	:: 0.9075 - 0.9300 ::	0.9200 - 0.9500 ::	0.9350 - 0.9500 ::	0.9400 - 0.9500 ::	0.9400 - 0.9500 ::	0.9362	0.8325
-- High Heat	:: 0.9450 - 1.0500 ::	0.9450 - 1.0850 ::	0.9450 - 1.0850 ::	0.9450 - 1.0950 ::	0.9500 - 1.0950 ::	1.0128	0.8999
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.8900 - 0.9400 ::	0.8850 - 1.0000 ::	0.8975 - 0.9800 ::	0.8950 - 0.9800 ::	0.8900 - 0.9800 ::	0.9343	0.8388
-- Mostly	:: 0.8950 - 0.9200 ::	0.8950 - 0.9300 ::	0.9000 - 0.9500 ::	0.9000 - 0.9500 ::	0.9100 - 0.9400 ::	0.9180	0.8025
-- High Heat	:: 0.9200 - 0.9700 ::	0.9200 - 0.9700 ::	0.9300 - 0.9700 ::	0.9300 - 0.9700 ::	0.9300 - 0.9700 ::	0.9476	0.8406
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.2400 - 0.2500 ::	0.2400 - 0.2500 ::	0.2375 - 0.2525 ::	0.2375 - 0.2525 ::	0.2375 - 0.2525 ::	0.2450	0.1679
-- Mostly	:: 0.2400 - 0.2450 ::	0.2400 - 0.2450 ::	0.2400 - 0.2450 ::	0.2400 - 0.2450 ::	0.2400 - 0.2450 ::	0.2425	0.1695
-- West (f.o.b.)	:: 0.2450 - 0.2750 ::	0.2500 - 0.2800 ::	0.2500 - 0.2800 ::	0.2550 - 0.2800 ::	0.2550 - 0.2775 ::	0.2645	0.1716
-- Mostly	:: 0.2550 - 0.2650 ::	0.2600 - 0.2650 ::	0.2600 - 0.2675 ::	0.2625 - 0.2700 ::	0.2625 - 0.2725 ::	0.2634	0.1620
-- Northeast (f.o.b.)	:: 0.2475 - 0.2650 ::	0.2475 - 0.2650 ::	0.2475 - 0.2650 ::	0.2475 - 0.2650 ::	0.2475 - 0.2650 ::	0.2563	0.1845
-- Southeast (Delvd)	:: 0.2700 - 0.2825 ::	0.2700 - 0.2825 ::	0.2700 - 0.2825 ::	0.2700 - 0.2825 ::	0.2700 - 0.2825 ::	0.2763	0.2020
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.7200 - 0.7600 ::	0.7400 - 0.7800 ::	0.7475 - 0.7875 ::	0.7525 - 0.8025 ::	0.7525 - 0.8225 ::	0.7629	0.4766
-- Mostly	:: 0.7300 - 0.7500 ::	0.7400 - 0.7525 ::	0.7475 - 0.7575 ::	0.7525 - 0.7725 ::	0.7525 - 0.7725 ::	0.7509	0.4746
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2000 - 0.2200 ::	0.2000 - 0.2200 ::	0.2100 - 0.2325 ::	0.2100 - 0.2325 ::	0.2100 - 0.2325 ::	0.2159	0.1563
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.9200 - 0.9700 ::	0.9450 - 0.9700 ::	0.9450 - 0.9975 ::	0.9450 - 0.9975 ::	0.9450 - 1.0100 ::	0.9624	0.9813
-- West (f.o.b.)	:: 0.8800 - 0.9400 ::	0.9000 - 0.9400 ::	0.9100 - 0.9425 ::	0.9100 - 0.9750 ::	0.9250 - 0.9750 ::	0.9259	0.8825
-- Mostly	:: 0.9000 - 0.9200 ::	0.9050 - 0.9200 ::	0.9125 - 0.9200 ::	0.9150 - 0.9400 ::	0.9250 - 0.9400 ::	0.9172	0.8813
-- Northeast (f.o.b.)	:: 0.9100 - 0.9400 ::	0.9200 - 0.9400 ::	0.9300 - 0.9400 ::	0.9300 - 0.9700 ::	0.9300 - 0.9700 ::	0.9355	0.8710
-- Southeast (Delvd)	:: 0.9500 - 0.9800 ::	0.9500 - 0.9800 ::	0.9600 - 0.9800 ::	0.9600 - 0.9900 ::	0.9600 - 0.9900 ::	0.9689	0.9074
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.2800 - 1.4100 ::	1.2600 - 1.3800 ::	1.2600 - 1.3800 ::	1.2600 - 1.3450 ::	1.2600 - 1.3450 ::	1.3207	1.2101
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1575 - 0.2100 ::	0.1575 - 0.2100 ::	0.1575 - 0.2100 ::	0.1500 - 0.2100 ::	0.1500 - 0.2100 ::	0.1828	0.2363
-- Mostly	:: 0.1600 - 0.1900 ::	0.1600 - 0.1900 ::	0.1600 - 0.1900 ::	0.1600 - 0.1900 ::	0.1600 - 0.1900 ::	0.1750	0.2250
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.0000 - 3.3000 ::	3.0000 - 3.3000 ::	3.2700 - 3.3000 ::	3.2700 - 3.3000 ::	3.2700 - 3.3000 ::	3.2211	2.3250
-- Nonrestricted - Acid	:: 3.0000 - 3.3000 ::	3.0000 - 3.3000 ::	3.2700 - 3.3500 ::	3.2700 - 3.3500 ::	3.2700 - 3.3500 ::	3.2342	2.3500

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR FEBRUARY 2005

COMMODITY	::REPORT NUMBER 5 :: FEB 1 - 4	::REPORT NUMBER 6 :: FEB 7 - 11	::REPORT NUMBER 7 :: FEB 14 - 18	::REPORT NUMBER 8 :: FEB 21 - 25	::REPORT NUMBER 9 :: FEB 28	:: 2005 * :: Monthly Average	:: 2004 * :: Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	::	:: 1.6000	:: 1.6350	:: #	:: 1.5750	::	::
--Tuesday	::	::	::	::	::	::	::
--Wednesday	:: 1.6500	:: 1.6100	:: 1.6325	:: 1.6200	::	::	::
--Thursday	::	::	::	::	::	::	::
--Friday	:: 1.6400	:: 1.6325	:: 1.5800	:: 1.5850	::	:: 1.6145	:: 1.7132
--Weekly Average**	:: 1.6308	:: 1.6142	:: 1.6158	:: 1.6025	::	::	::
CHEESE*							
-- BARRELS							
--Monday	::	:: 1.4300	:: 1.3800	:: #	:: 1.5925	::	::
--Tuesday	:: 1.5950	:: 1.4300	:: 1.3800	:: 1.4000	::	::	::
--Wednesday	:: 1.4800	:: 1.3800	:: 1.3900	:: 1.4900	::	::	::
--Thursday	:: 1.4800	:: 1.3800	:: 1.3900	:: 1.5000	::	::	::
--Friday	:: 1.4775	:: 1.3800	:: 1.3900	:: 1.5125	::	:: 1.4451	:: 1.3586
--Weekly Average**	:: 1.5445	:: 1.4000	:: 1.3860	:: 1.4756	::	::	::
-- 40# BLOCKS							
--Monday	::	:: 1.4550	:: 1.4200	:: #	:: 1.6525	::	::
--Tuesday	:: 1.6400	:: 1.4550	:: 1.4300	:: 1.4800	::	::	::
--Wednesday	:: 1.5375	:: 1.4200	:: 1.4400	:: 1.5375	::	::	::
--Thursday	:: 1.5375	:: 1.4200	:: 1.4400	:: 1.5700	::	::	::
--Friday	:: 1.4925	:: 1.4200	:: 1.4375	:: 1.5800	::	:: 1.4929	:: 1.3958
--Weekly Average**	:: 1.5845	:: 1.4340	:: 1.4335	:: 1.5419	::	::	::
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	::	:: 0.9325	:: 0.9325	:: #	:: 0.9325	::	::
--Tuesday	:: 0.9325	:: 0.9325	:: 0.9325	:: 0.9325	::	::	::
--Wednesday	:: 0.9325	:: 0.9325	:: 0.9325	:: 0.9325	::	::	::
--Thursday	:: 0.9325	:: 0.9325	:: 0.9325	:: 0.9325	::	::	::
--Friday	:: 0.9325	:: 0.9325	:: 0.9325	:: 0.9325	::	:: 0.9325	:: 0.8400
--Weekly Average**	:: 0.9325	:: 0.9325	:: 0.9325	:: 0.9325	::	::	::
-- GRADE A							
--Monday	::	:: 0.9800	:: 1.0000	:: #	:: 1.0000	::	::
--Tuesday	:: 0.9700	:: 1.0000	:: 1.0000	:: 1.0000	::	::	::
--Wednesday	:: 0.9700	:: 1.0000	:: 1.0000	:: 1.0000	::	::	::
--Thursday	:: 0.9700	:: 1.0000	:: 1.0000	:: 1.0000	::	::	::
--Friday	:: 0.9800	:: 1.0000	:: 1.0000	:: 1.0000	::	:: 0.9932	:: 0.8400
--Weekly Average**	:: 0.9685	:: 0.9960	:: 1.0000	:: 1.0000	::	::	::

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

No trading, the CME was closed of the observance of President's Day.

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 2005 was unchanged at 134. Compared with February 2004, the index was up 3 points (2.3 percent). The index of prices received by farmers for dairy products declined 4 points during the month of February 2005 to 118. Compared with February 2004, the index was up 14 points (13.5 percent).

Prices received by farmers in February with changes from January were: for All Milk, \$15.40 per hundredweight (cwt.), down \$.50; Fluid Grade Milk, \$15.40 per cwt., down \$.50; and for Manufacturing Grade Milk, \$14.80 per cwt., down \$.10.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., FEBRUARY 2005 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JANUARY		FEBRUARY		FEBRUARY		FEBRUARY		FEBRUARY	
	2005 2/	2004 2/	2005 4/	2004 2/	2005	2004	2005 7/	2004 8/	2005	2004
CA	14.01	11.80	13.40	12.41	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		47.80	41.50	124.00	95.00
ID	14.70	12.10	15.50	12.70			50.70	42.20	100.00	83.00
MI	16.40	13.30	15.90	13.60			50.00	47.00	97.00	101.00
MN	15.80	13.40	16.00	13.80			55.50	48.50	77.00	67.00
NM	15.70	12.60	14.90	13.00			55.70	47.20	120.00	136.00
NY	16.70	13.70	15.70	14.30			---	---	108.00	111.00
PA	17.90	14.90	16.80	15.30			51.90	46.00	113.00	129.00
TX	17.00	13.80	16.50	14.20			51.60	46.00	68.00	69.00
WA	15.90	13.20	15.40	13.40			---	---	105.00	94.00
WI	16.30	13.70	16.50	14.10			54.90	47.00	88.00	100.00
U.S.	15.90	13.20	15.40	13.60			52.80	46.00	84.70	81.20

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., FEBRUARY 2005 WITH COMPARISON

ITEM	FEBRUARY 2004	JANUARY 2005 1/	FEBRUARY 2005 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	13.60	15.90	15.40
Fluid grade milk	13.60	15.90	15.40
Manufacturing grade milk	12.80	14.90	14.80
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	116	111	113
Prices received by farmers for dairy products	104	122	118
Prices paid by farmers for commodities and services, interest taxes, and wage rates	131	134	134
Prices paid by farmers for production items	127	130	131
Prices paid by farmers for feed	121	102	104
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	2.60	3.50	3.47

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (2/05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
NOV 2004	188.2	3.2	180.9	5.7	183.0	6.8	183.9	6.9	190.4	32.6	182.4	1.7
DEC 2004	188.5	2.7	180.1	4.1	181.5	6.0	181.4	5.3	186.2	28.3	183.1	1.1
JAN 2005	189.1	2.9	183.3	6.3	187.2	10.5	184.3	6.8	195.2	26.8	183.4	1.9
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	Dollars											
NOVEMBER	3.219	2.937	3.605	2.766	3.988	3.905	4.164	4.085	3.777	3.858		
DECEMBER	3.233	2.947	3.463	2.804	3.937	3.843	4.099	4.067	3.849	3.898		
	2005	2004	2004	2004	2005	2004	2005	2004	2005	2004		
JANUARY	3.304	2.879	3.513	2.847	3.876	3.813	4.210	4.046	3.873	3.692		

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—OCTOBER-DECEMBER 2003-2004 AND ANNUAL 2003-2004 ^{1/}

Item	Oct.-Dec. 2003	Percent change ^{2/}	Oct.-Dec. 2004	Percent change ^{2/}	Jan.-Dec. 2003	Percent change ^{2/}	Jan.-Dec. 2004	Percent change ^{2/}
	Million Pounds							
MILK								
Production	41,550	-0.2	41,983	1.0	170,394	0.2	170,805	0.0
Marketings	41,270	-0.2	41,719	1.1	169,280	0.2	169,755	0.0
Beginning Commercial Stocks ^{3/}	11,000	-2.1	9,916	-9.9	9,891	40.5	8,331	-15.8
Imports ^{3/}	1,416	6.5	1,273	-10.1	5,040	-1.3	5,241	4.0
Total Supply ^{4/}	53,686	-0.5	52,908	-1.4	184,211	1.7	183,327	-0.7
Ending Commercial Stocks ^{3/}	8,331	-15.8	7,150	-14.2	8,331	-15.8	7,150	-14.2
Net Removals ^{3/}	21	-75.9	0	-100.0	1,162	256.4	-64	-105.5
Commercial Disappearance ^{4/}	45,334	3.1	45,758	0.9	174,718	2.3	176,241	0.6
SELECTED PRODUCTS ^{5/}								
Butter	411.8	4.7	407.4	-1.1	1,309.2	1.6	1,323.0	0.8
American Cheese	955.2	2.4	1,019.5	6.7	3,707.6	-0.2	3,802.1	2.3
Other Cheese	1,432.8	2.5	1,460.3	1.9	5,340.9	2.3	5,511.3	2.9
Nonfat Dry Milk	258.6	21.4	317.5	22.8	921.9	13.3	1,313.1	42.1
Fluid Milk Products ^{6/}	14,085.2	-1.3	14,084.3	0.0	54,980.5	-0.5	54,523.6	-1.1

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF FEBRUARY 28 - MARCH 4			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 02/25/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	241,130,014	-0-	838,893,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
Instant	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	31,817,269	241,010,966	-0-	885,284,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 28 - MARCH 4, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	0.9	46.4
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	52.1	2,805.4
CUMULATIVE JANUARY 1 - MARCH 4, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	26.6	1,456.1

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 28 - MARCH 4, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	6,643,183	4.2	2.8
WEST	-0-	-42,309	-0-	-0-	29,415,099	230,084,009	92.4	95.4
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.8
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	241,010,966	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2005 is 0 pounds.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/12/05 & Comparable Week 2004

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2005-Dairy	N.A.	0.8	N.A.	2.6	14.8	3.4	1.1	N.A.	13.0	2.8	46.2	347.1	49.5	49.4
2004-Dairy	N.A.	0.8	N.A.	4.4	16.7	2.9	0.8	N.A.	12.8	3.3	50.8	347.4	51.2	48.7
2005-All cows	0.1	0.8	N.A.	10.9	29.6	10.3	11.8	N.A.	13.8	4.8	93.4	702.1		
2004-All cows	N.A.	0.9	N.A.	10.1	29.2	12.8	14.3	N.A.	13.8	5.3	99.3	713.5		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43									
II	13.04	13.36										
III	14.14	14.70										
IV	12.52	12.74										

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm